

**Town of Benton
Benton, Louisiana
Financial Statement with Auditors' Report
As of and For the Year Ended December 31, 2011**

Town of Benton
Benton, Louisiana

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Independent Auditors' Report

Town of Benton
Benton, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Benton, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Benton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Benton, Louisiana, as of December 31, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2012, on our consideration of the Town of Benton, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 9 and 37 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and

other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Benton's basic financial statements. The other supplementary information listed in the table of contents and shown on page 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information *directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves*, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Cook & Morehart
Certified Public Accountants
June 27, 2012

TOWN OF BENTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Benton's financial performance provides an overview of the Town of Benton's financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the Town's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Town of Benton's net assets of our governmental activities increased by \$459,454 or 8%. The Town of Benton's net assets of our business-type activities increased \$246,309 or 4%.
- In the Town's governmental activities, total general and program revenues were \$1,734,492 in 2011 compared to \$1,641,453 in 2010. Total expenses, excluding depreciation, totaled \$1,181,677 for the year ended December 31, 2011.
- In the Town's business-type activities, revenues increased by \$345,441, while expenses increased by \$287,442.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Benton as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Benton's operations in more detail than the government-wide statements by providing information about the Town of Benton's most significant funds.

Reporting the Town of Benton as a Whole

Our analysis of the Town of Benton as a whole begins on page 10. One of the most important questions asked about the Town of Benton's finances is "Is the Town of Benton as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the Town of Benton as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Benton's *net assets* and changes in them. You can think of the Town of Benton's net assets – the difference between assets and liabilities – as one way to measure the Town of Benton's financial health, or *financial position*. Over time, *increases or decreases* in the Town of Benton's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider

other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the major funds maintained by the Town of Benton begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Benton – not the Town of Benton as a whole. The Town of Benton's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Benton's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Benton's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Benton expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets and the Statement of Activities*. In fact, the Town's *enterprise funds* (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN OF BENTON AS A WHOLE

The Town of Benton's combined net assets changed from a year ago, increasing from \$12,179,713 to \$12,885,476. A comparative analysis of the funds maintained by the Town of Benton is presented below.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 5,261,738	\$ 4,766,349	\$ 2,964,816	\$ 3,060,039	\$ 8,226,554	\$ 7,826,388
Capital assets	1,280,472	1,312,946	3,796,364	3,318,415	5,076,836	4,631,361
Total assets	<u>6,542,210</u>	<u>6,079,295</u>	<u>6,761,180</u>	<u>6,378,454</u>	<u>13,303,390</u>	<u>12,457,749</u>
Current Liabilities	36,244	36,233	369,532	345,949	405,776	382,182
Long-term liabilities	<u>12,138</u>	<u>8,688</u>			<u>12,138</u>	<u>8,688</u>
Total liabilities	<u>48,382</u>	<u>44,921</u>	<u>369,532</u>	<u>345,949</u>	<u>417,914</u>	<u>390,870</u>
Net assets:						
Investment in capital assets	1,280,472	1,312,946	3,796,364	3,374,832	5,076,836	4,687,778
Restricted	3,027,922	2,613,705			3,027,922	2,613,705
Unrestricted	<u>2,185,434</u>	<u>2,107,723</u>	<u>2,595,284</u>	<u>2,770,507</u>	<u>4,780,718</u>	<u>4,878,230</u>
Total net assets	<u>\$ 6,493,828</u>	<u>\$ 6,034,374</u>	<u>\$ 6,391,648</u>	<u>\$ 6,145,339</u>	<u>\$ 12,885,476</u>	<u>\$ 12,179,713</u>

Net assets of the Town of Benton's governmental activities increased by \$459,454 or 8%. Net assets of the Town of Benton's business-type activities increased by \$246,309 or 4%.

Table 2
Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for services	\$ 329,405	\$ 336,070	\$ 1,738,218	\$ 1,601,992	\$ 2,067,623	\$ 1,938,062
Capital grants	10,588	48,479	598,608	420,213	609,196	468,692
General revenue						
Ad valorem taxes	104,279	102,190			104,279	102,190
Sales taxes	962,760	832,248	240,690	209,244	1,203,450	1,041,492
Franchise taxes	42,182	42,963			42,182	42,963
Gaming taxes	198,250	201,627			198,250	201,627
Investment earnings	11,141	10,760	11,498	12,124	22,639	22,884
Donations	13,254	10,711			13,254	10,711
Miscellaneous	62,633	56,405			62,633	56,405
Total revenues	<u>1,734,492</u>	<u>1,641,453</u>	<u>2,589,014</u>	<u>2,243,573</u>	<u>4,323,506</u>	<u>3,885,026</u>
Expenses						
General government	470,293	423,562			470,293	423,562
Public safety	635,572	612,372			635,572	612,372
Public works	147,643	153,356			147,643	153,356
Parks and recreation	21,530	5,467			21,530	5,467
Interest on long-term debt		1,700				1,700
Water, sewer, and sanitation			2,342,705	2,055,263	2,342,705	2,055,263
Total expenses	<u>1,275,038</u>	<u>1,196,457</u>	<u>2,342,705</u>	<u>2,055,263</u>	<u>3,617,743</u>	<u>3,251,720</u>
 Increase in net assets	 <u>\$ 459,454</u>	 <u>\$ 444,996</u>	 <u>\$ 246,309</u>	 <u>\$ 188,310</u>	 <u>\$ 705,763</u>	 <u>\$ 633,306</u>

The Town's total revenues increased by \$438,480 (11%). The total cost of all programs and services increased \$366,023 (11%). Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased approximately \$93,039 due in part to an increase in sales tax revenues.

The cost of all governmental activities this year was \$1,275,038. These costs were covered by \$339,993 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities increased \$345,441 (15%) from total revenues in the year ended December 31, 2010 of \$2,243,573 to total revenues of \$2,589,014 in the year ended December 31, 2011.

The cost of all business-type activities this year was \$2,342,705. These costs were covered by \$2,336,826 of program revenues, consisting of charges for services assessed to users and capital grants.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$5,204,266, which is higher than last year's fund balance of \$4,712,216.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended December 31, 2011. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 37. Highlights for the year are as follows:

- General government expenses were approximately \$119,000 more than budgeted amounts.
- Public Works expenses were approximately \$74,000 less than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2011, the Town of Benton had invested \$5,076,836 in capital assets. (see table 3 below)

Table 3
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 340,775	\$ 340,775	\$ 29,500	\$ 29,500	\$ 370,275	\$ 370,275
Construction in progress	16,588	9,750	5,775	18,058	22,363	27,808
Buildings	348,082	348,576			348,082	348,576
Infrastructure	367,843	379,343			367,843	379,343
Furniture, equipment, and vehicles	207,184	234,502	21,921	12,554	229,105	247,056
Sewer system and equipment			3,024,196	2,492,112	3,024,196	2,492,112
Water system			714,972	766,191	714,972	766,191
Total assets	<u>\$ 1,280,472</u>	<u>\$ 1,312,946</u>	<u>\$ 3,796,364</u>	<u>\$ 3,318,415</u>	<u>\$ 5,076,836</u>	<u>\$ 4,631,361</u>

This year's major additions included:

Sewer & water equipment	\$ 631,567
Equipment and vehicles	73,952
Construction in progress	12,613
Total	<u>\$ 718,132</u>

More detailed information about the capital assets are presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Benton's management considered many factors when setting a fiscal year December 31, 2012 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as 2011. Expenditures for 2012 are expected to remain substantially the same as 2011.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Benton and to show the Town of Benton's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 336, Benton, LA 71006.

Town of Benton
Benton, Louisiana
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,358,946	\$ 1,153,660	\$ 5,512,606
Investments	726,706	1,458,867	2,185,573
Receivables	147,770	184,144	331,914
Prepaid expenses	21,228	13,508	34,736
Restricted assets:			
Cash and cash equivalents		161,725	161,725
Internal balances	7,088	(7,088)	
Capital assets, net	1,280,472	3,796,364	5,076,836
Total assets	<u>6,542,210</u>	<u>6,761,180</u>	<u>13,303,390</u>
Liabilities			
Accounts payable and accrued expenses	36,244	207,807	244,051
Payable from restricted assets:			
Customer deposits		161,725	161,725
Non-current liabilities:			
Due within one year	12,138		12,138
Total liabilities	<u>48,382</u>	<u>369,532</u>	<u>417,914</u>
Net Assets			
Invested in capital assets	1,280,472	3,796,364	5,076,836
Restricted for:			
Public Works	3,027,922		3,027,922
Unrestricted	2,185,434	2,595,284	4,780,718
Total net assets	<u>\$ 6,493,828</u>	<u>\$ 6,391,648</u>	<u>\$ 12,885,476</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Activities
For the Year Ended December 31, 2011

Functions / Programs:	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
General government	\$ 470,293	\$ 198,961	\$ 10,588	\$ (260,744)	\$	\$ (260,744)
Public safety	635,572	130,444		(505,128)		(505,128)
Public works	147,643			(147,643)		(147,643)
Parks and recreation	21,530			(21,530)		(21,530)
Total governmental activities	1,275,038	329,405	10,588	(935,045)		(935,045)
Business-type Activities						
Water, sewer, and sanitation	2,342,705	1,738,218	598,608		(5,879)	(5,879)
Total business-type activities	2,342,705	1,738,218	598,608		(5,879)	(5,879)
Total Government	\$ 3,617,743	\$ 2,067,623	\$ 609,196	(935,045)	(5,879)	(940,924)
General revenues:						
Ad valorem taxes				104,279		104,279
Sales taxes				962,760	240,690	1,203,450
Franchise taxes				42,182		42,182
Gaming taxes				198,250		198,250
Investment earnings				11,141	11,498	22,639
Donations				13,254		13,254
Miscellaneous				62,633		62,633
Total general revenues				1,394,499	252,188	1,646,687
Change in net assets				459,454	246,309	705,763
Net assets - beginning, restated				6,034,374	6,145,339	12,179,713
Net assets - ending				\$ 6,493,828	\$ 6,391,648	\$ 12,885,476

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2011

	General	Sales Tax - Streets	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,906,826	\$ 2,452,120	\$ 4,358,946
Investments	196,112	530,594	726,706
Receivables	102,562	45,208	147,770
Due from other funds	7,088		7,088
Total assets	<u>\$ 2,212,588</u>	<u>\$ 3,027,922</u>	<u>\$ 5,240,510</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 36,244	\$	\$ 36,244
Total liabilities	<u>36,244</u>		<u>36,244</u>
Fund balances:			
Restricted - public works		3,027,922	3,027,922
Unassigned	2,176,344		2,176,344
Total fund balances	<u>2,176,344</u>	<u>3,027,922</u>	<u>5,204,266</u>
Total liabilities and fund balances	<u>\$ 2,212,588</u>	<u>\$ 3,027,922</u>	<u>\$ 5,240,510</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2011

Fund balances - total governmental funds	\$ 5,204,266
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,280,472
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	21,228
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Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(12,138)</u>
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Net assets of governmental activities	<u><u>\$ 6,493,828</u></u>
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The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Sales Tax - Streets	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 104,279	\$	\$ 104,279
Sales tax	481,380	481,380	962,760
Franchise taxes	42,182		42,182
Gaming taxes	198,250		198,250
Intergovernmental - grants	10,588		10,588
Licenses and permits	198,961		198,961
Fines and forfeitures	130,444		130,444
Investment earnings	4,158	6,983	11,141
Donations	13,254		13,254
Miscellaneous	62,633		62,633
Total revenues	<u>1,246,129</u>	<u>488,363</u>	<u>1,734,492</u>
Expenditures:			
Current:			
General government	397,058		397,058
Public safety	614,762		614,762
Public works	147,592		147,592
Parks and recreation	22,143		22,143
Capital outlay	60,887		60,887
Total expenditures	<u>1,242,442</u>		<u>1,242,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,687</u>	<u>488,363</u>	<u>492,050</u>
Other financing sources (uses):			
Transfers in		34,376	34,376
Transfers out	(34,376)		(34,376)
Total other financing sources (uses)	<u>(34,376)</u>	<u>34,376</u>	
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(30,689)</u>	<u>522,739</u>	<u>492,050</u>
Fund balances at beginning of year	<u>2,207,033</u>	<u>2,505,183</u>	<u>4,712,216</u>
Fund balances at end of year	<u>\$ 2,176,344</u>	<u>\$ 3,027,922</u>	<u>\$ 5,204,266</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	\$ 492,050
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$93,361) exceeded capital outlays (\$60,887) in the current period.	(32,474)
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	3,328
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	<u>(3,450)</u>
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Change in net assets of governmental activities	<u>\$ 459,454</u>
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The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Balance Sheet
Proprietary Funds
December 31, 2011

	<u>Business-Type Activities- Enterprise Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,153,660
Investments	1,458,867
Receivables	184,144
Prepaid expenses	13,508
Total current assets	<u>2,810,179</u>
Noncurrent assets:	
Restricted cash and cash equivalents	161,725
Capital assets:	
Land	29,500
Plant and equipment	6,621,713
Less: accumulated depreciation	<u>(2,854,849)</u>
Total noncurrent assets	<u>3,958,089</u>
Total assets	<u><u>\$ 6,768,268</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 207,807
Due to other funds	7,088
Total current liabilities	<u>214,895</u>
Noncurrent liabilities:	
Payable from restricted assets:	
Customer deposits	161,725
Total noncurrent liabilities	<u>161,725</u>
Total liabilities	<u>376,620</u>
Net assets	
Invested in capital assets	3,796,364
Unrestricted	2,595,284
Total net assets	<u>6,391,648</u>
Total liabilities and net assets	<u><u>\$ 6,768,268</u></u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	<u>Business-Type Activities- Enterprise Funds</u>
Operating revenues:	
Charges for service -	
Water sales	\$ 1,070,012
Sewerage service charges	380,440
Solid waste collection	128,084
Other charges and fees	159,682
Total operating revenues	<u>1,738,218</u>
Operating expenses:	
Salaries	361,650
Payroll taxes and benefits	120,583
Office expense	11,732
Insurance	35,499
Professional fees	31,849
Repairs and maintenance	184,900
Telephone	8,751
Utilities	63,895
Travel and training	2,811
Vehicle operations	42,942
Commerical solid waste	123,377
Miscellaneous	64,341
Supplies	3,066
Water purchases	1,108,013
Depreciation	179,296
Total operating expenses	<u>2,342,705</u>
Operating loss	<u>(604,487)</u>
Non-operating revenues (expenses):	
Interest income	11,498
Sales taxes	240,690
Total non-operating revenues (expenses)	<u>252,188</u>
Capital contributions:	
Contributed capital	<u>598,608</u>
Change in net assets	246,309
Net assets - beginning of year, restated	<u>6,145,339</u>
Net assets - end of year	<u>\$ 6,391,648</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities- Enterprise Funds
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,776,507
Cash payments to suppliers for goods and services	(1,601,509)
Cash payments to employees for services	(479,080)
Net Cash (used in) Operating Activities	<u>(304,082)</u>
Cash Flows From Non-Capital Financing Activities	
Sales Tax	240,690
Net Cash From Non-Capital Financing Activities	<u>240,690</u>
Cash Flows From Capital and Related Financing Activities	
Capital grants	598,608
Net Cash from Capital and Related Financing Activities	<u>598,608</u>
Cash Flows From Investing Activities	
Cash payments for purchase of investments	(9,953)
Payments for property and equipment	(657,245)
Interest income	11,498
Net Cash (used in) Investing Activities	<u>(655,700)</u>
Net decrease in cash and cash equivalents	(120,484)
Cash, Beginning of year	<u>1,435,869</u>
Cash, End of year	<u><u>\$ 1,315,385</u></u>
Reconciliation of Operating Income to Net Cash Used	
By Operating Activities:	
Operating income (loss)	\$ (604,487)
Adjustments to reconcile operating loss to net cash	
provided (used) by operating activities:	
Depreciation expense	179,296
Accounts receivable	(25,568)
Prepaid expenses	3,172
Accounts payable	130,362
Due to other funds	7,088
Customer deposits	6,055
Net Cash Flows From Operating Activities	<u><u>\$ (304,082)</u></u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011

INTRODUCTION

The Town of Benton is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

(1) Summary of Significant Accounting Policies

The Town of Benton's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Benton are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Benton is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Benton), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Benton are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the Town of Benton for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB 39 states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

As required by generally accepted accounting principles, these financial statements present the Town of Benton and its component unit. The component unit included in the accompanying financial statements is blended with the Town's funds.

Blended Component Unit

Component units that are legally separate from the Town but are so intertwined with the Town that they are, in substance, the same as the Town are blended component units. For a component unit to be blended, the organization's board and the Town must be substantively the same, or the organization must provide services entirely or almost entirely to the Town. The following component unit is reported as part of the Town and blended with the appropriate Town funds:

Metropolitan Planning Commission

The Metropolitan Planning Commission is responsible for the orderly physical development of the Town and the surrounding planning area. The Commission makes recommendations to the Board of Aldermen and the Parish Police Jury. The Metropolitan Planning Commission consists of five members with two appointed by the Town of Benton, two appointed by the Bossier Parish Police Jury, and one member is elected by joint action of the governing authorities. Although the Commission is legally separate, the Town acts as its fiscal agent and has the ability to modify and approve its budget. Separate financial statements are not issued on the Commission since its revenues and expenditures have been historically included as part of the General Fund within the Town's financial statements. Since the Commission provides services almost entirely to the Town and due to the significance of the fiscal dependency relationship, it has been blended with the Town's financial statements.

B. Basic Financial Statements – Government-Wide Statements

The Town of Benton's basic financial statements include both government-wide (reporting the funds maintained by the Town of Benton as a whole) and fund financial statements (reporting the Town of Benton's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's sales tax-streets fund and general fund are classified as governmental activities. The Town's water, sewer, and sanitation services are classified as business-type activities.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

In the government-wide Statement of Net Assets, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Benton's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Benton's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water, sewer, and sanitation services.

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Benton as an entity and the change in the Town of Benton's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Benton are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Benton:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Benton:
 - a. General fund is the general operating fund of the Town of Benton. It is used to account for all financial resources not accounted for and reported in another fund.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

- b. Sales tax – streets fund is the special revenue fund of the Town of Benton. The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. *The following is a description of the proprietary funds of the Town:*
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources not accounted for and reported in another fund.

Sales Tax – Streets Fund – accounts for the proceeds of sales taxes levied for debt service requirements and street and drainage improvements.

Enterprise Fund – accounts for the provision of water, sewer, and sanitation services of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget was adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10–54 years
Infrastructure	40 years
Furniture and equipment	5–20 years
Vehicles	5–10 years
Water and sewer systems	5–50 years

GASBS No. 34 requires the Town to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Bossier Parish. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

J. Sales Taxes

The General Fund and Special Revenue Fund account for the collection of a one cent sales and use tax each and the distribution of these taxes to other funds of the Town. Also, the enterprise fund accounts for a one-half cent sales and use tax dedicated for sewer system improvements and upkeep. For financial reporting purposes, sales taxes are recorded as revenue in the General, Special Revenue and Enterprise Funds net of collection expenses.

In 1989, the voters approved the issuance of public improvement bonds and rededicated the proceeds from the original one cent sales tax to pay any balance due to service the annual debt not covered by an additional one cent sales tax approved in conjunction with the bonds. Any remaining proceeds are used to pay general operating expenses of the Town.

In 1989, an additional one cent sales tax was approved by the voters. This revenue, net of expenses incurred in collecting the tax, is to be used for scheduled monthly payments to the Debt Service Fund for debt service requirements. The remaining amount, if any, is to be used for street and drainage improvements.

In 1990, a half cent sales tax was approved by the voters for the purpose of paying for improvements to and the upkeep of the Sewer System within the Town.

In 1989 and effective January 1, 1990, the Town entered into an agreement with the City of Bossier City, Louisiana for the City of Bossier City, Louisiana to collect and distribute to the Town its two and one-half cent sales and use tax. The City of Bossier City, Louisiana charges 1% of the sales tax collected for these services.

K. Compensated Absences

The Town's policy allows annual leave based upon years of service. Employees must use all annual leave during the year in which it is earned or within the next three succeeding calendar months. Unused annual leave accumulated by an employee at the time of termination (not to exceed the amount of leave the employee can earn in one year) shall be paid in a lump sum with the employee's final pay.

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave, but will not be paid for unused sick leave upon separation from employment.

L. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

M. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets.

O. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the enterprise fund are shown net of an allowance of \$17,135.

P. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

Q. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

R. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

S. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the Town Council (the Town's highest level of decision making authority). *Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).*

4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

5. Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

(2) New Accounting Standards

Effective January 1, 2011, the Town implemented GASB Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The categories of fund balance presented in the Town's financial statements changed as a result of implementing this Statement.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(3) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	7.38	7.38	N/A
Streets	5.06	5.06	2015

Approximately 27% of the Town's ad valorem tax revenues are derived from 10 taxpayers.

(4) Cash, Cash Equivalents, and Investments

At December 31, 2011, the Town has cash, cash equivalents, and investments (book balances) totaling \$7,859,904 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2011 (book balances) totaled \$5,674,331, of which \$161,725 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At December 31, 2011, the Town had investments totaling \$2,185,573 consisting of certificates of deposit with initial maturities greater than 90 days. The certificates of deposits are carried at cost, which approximates market.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

C. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2011, \$7,371,809 of the Town's bank balance of \$7,892,216 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the
pledging bank's trust department, not
in the Town's name:

Cash and cash equivalents	\$ 5,456,643
Certificates of deposit	<u>1,915,166</u>
	<u>\$ 7,371,809</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(5) Receivables

The following is a summary of receivables at December 31, 2011:

<u>Class of Receivable</u>	
Governmental activities –	
Property taxes	\$ 34,893
Sales taxes	89,543
Gaming taxes	16,029
Grants	6,838
Miscellaneous	<u>467</u>
	<u>147,770</u>
Business-type activities –	
Accounts receivable – water and sewer charges	97,641
Sales taxes	22,386
Grants	63,062
Miscellaneous	<u>1,055</u>
	<u>184,144</u>
Total	<u>\$ 331,914</u>

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance at Jan. 1, 2011	Additions	Deletions	Transfers	Balance at Dec. 31, 2011
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Construction in Process	\$ 9,750	\$ 6,838	\$	\$	\$ 16,588
Land	340,775				340,775
Total Capital assets, not being depreciated	350,525	6,838			357,363
Capital assets, being depreciated:					
Buildings	737,502	23,800			761,302
Infrastructure	423,713				423,713
Equipment	390,349				390,349
Vehicles	274,314	30,249			304,563
Total capital assets, being depreciated, at historical cost	1,825,878	54,049			1,879,927
Less accumulated depreciation:					
Buildings	(388,926)	(24,294)			(413,220)
Infrastructure	(44,370)	(11,500)			(55,870)
Equipment	(187,054)	(36,070)			(223,124)
Vehicles	(243,107)	(21,497)			(264,604)
Total accumulated depreciation	(863,457)	(93,361)			(956,818)
Total capital assets, being depreciated, net	962,421	(39,312)			923,109
Governmental activities capital assets, net	\$ 1,312,946	\$ (32,474)	\$	\$	\$ 1,280,472

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

	Balance at Jan. 1, 2011	Additions	Deletions	Transfers	Balance at Dec. 31, 2011
<u>Business-Type Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 29,500	\$	\$	\$	\$ 29,500
Construction in progress	18,058	5,775		(18,058)	5,775
Total capital assets, not being depreciated, at historical cost	47,558	5,775		(18,058)	35,275
Capital assets, being depreciated:					
Vehicles	134,470	19,903			154,373
Sewer system	3,275,220				3,275,220
Sewer equipment	791,094	631,567		18,058	1,440,719
Water equipment	1,686,438				1,686,438
Other equipment	59,188				59,188
Total capital assets, being depreciated, at historical cost	5,946,410	651,470		18,058	6,615,938
Less accumulated depreciation:					
Vehicles	(121,916)	(10,536)			(132,452)
Sewer system	(1,384,095)	(98,557)			(1,482,652)
Sewer equipment	(190,107)	(18,984)			(209,091)
Water equipment	(943,935)	(51,067)			(995,002)
Other equipment	(35,500)	(152)			(35,652)
Total accumulated depreciation	(2,675,553)	(179,296)			(2,854,849)
Total capital assets, being depreciated, net	3,270,857	472,174		18,058	3,761,089
Business-type activities capital assets, net	<u>\$ 3,318,415</u>	<u>\$ 477,949</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,796,364</u>

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business-type Activities	Total
General Government	\$ 93,361	\$	\$ 93,361
Water, sewer, and sanitation		179,296	179,296
Total	<u>\$ 93,361</u>	<u>\$ 179,296</u>	<u>\$ 272,657</u>

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(7) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 2011:

	<u>Enterprise Fund</u>
Customer deposits	<u>\$ 161,725</u>

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2011, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 11,976	\$ 175,176	\$ 187,152
Payroll liabilities	24,268	32,631	56,899
Total	<u>\$ 36,244</u>	<u>\$ 207,807</u>	<u>\$ 244,051</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$161,725 at December 31, 2011.

(10) Interfund Transfers

Interfund transfers for the year ended December 31, 2011 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>
Governmental Funds:		
Sales Tax - streets	\$ 34,376	\$ -
General	-	34,376
	<u>\$ 34,376</u>	<u>\$ 34,376</u>

A transfer was made during 2011 to close out the Capital Projects Fund.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(11) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Other long-term Liabilities – Compensated Absences	\$ 10,105	\$ 11,888	\$ (8,605)	\$ 13,388	\$ 13,388
Total-Governmental Activities long-term liabilities	\$ 10,105	\$ 11,888	\$ (8,605)	13,388	13,388
Less amounts due within period of availability – Recorded in accounts payable				(1,250)	(1,250)
Total long-term liabilities – governmental activities - Government-wide statements				\$ 12,138	\$ 12,138
Business-type Activities:					
Long-term Liabilities – Compensated Absences	16,949	14,935	(11,997)	19,887	19,887
Total-Business-type Activities long-term liabilities	\$ 16,949	\$ 14,935	\$ (11,997)	19,887	19,887
Less amounts due within period of availability – business-type activities - recorded in accounts payable				(19,887)	(19,887)
Total long-term liabilities – business-type activities - Government-wide statements				\$ -	\$ -

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(12) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

(13) Pension Plans

Municipal Employees Retirement System of Louisiana (System) Employees of the Town (except for police employees) are members of The Municipal Employees Retirement System of Louisiana. The System is a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the Plan follows:

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate was 6.75 percent from January through June 2011, and 8.00 percent effective July 1, 2011. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on results of the valuation for the prior fiscal year. The Town contributions to the System under Plan B for the years ending December 31, 2011, 2010, and 2009 were \$37,689, \$32,105, and \$32,009, respectively, equal to the required contributions for each year.

Municipal Police Employees Retirement System of Louisiana (System) Police employees of the Town are members of Municipal Police Employee's Retirement System of Louisiana. This is a statewide retirement system. This system is a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary through June 30, 2011, and 10.0 percent effective July 1, 2011. The Town is required to contribute at an actuarially determined rate. The current rate was 25.00 percent for January through June, 2011, increasing to 26.50 percent effective July 1, 2011. Effective July 1, 2011, employee contributions will remain at 7.5 percent for any member whose earnable compensation is less than or equal to the poverty guidelines which is issued by the United States Department of Health and Human Services. Employer contributions for those members below poverty guidelines will be 33.5 percent. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending December 31, 2011, 2010, and 2009 were \$61,378, \$45,531, and \$26,291, respectively, equal to the required contributions for each year.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(14) Leases

The Town leases certain equipment under operating leases. Rental costs on the equipment were \$4,969 for the year ended December 31, 2011.

The minimum annual commitments under non-cancelable operating leases are as follows:

Year Ending December 31,	
2012	\$ 2,768
2013	<u>2,768</u>
	<u>\$ 5,536</u>

(15) Commitments

The Town signed a contract for engineering services for \$72,042 for sewer improvements. The Town had not incurred any expense in regards to this contract as of December 31, 2011.

(16) Subsequent events

Subsequent events have been evaluated through June 27, 2012, the date the financial statements were available to be issued.

(17) Contingency – Investigation

In June, 2011, the Town of Benton reported to the District Attorney of the Twenty-Sixth Judicial District and to the Louisiana Legislative Auditor a discrepancy in a certain employee's timesheets. The discrepancy alleges that a certain employee was paid for hours not worked. An investigation is on-going at this time.

(18) Restatement of Net Assets

Net assets on the government-wide Statement of Activities and the beginning fund balance of the Enterprise (Utility) fund as of January 1, 2011, have been restated for the following:

Net assets / fund balance as of January 1, 2011, as previously reported	\$ 6,088,922
Corrections for:	
Fixed Assets	<u>56,417</u>
Net assets / fund balance as of January 1, 2011, restated	<u>\$ 6,145,339</u>

Town of Benton
Benton, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Revenues:				Positive
				(Negative)
Ad valorem taxes	\$ 104,000	\$ 104,000	\$ 104,279	\$ 279
Sales tax	410,000	475,000	481,380	6,380
Franchise taxes	45,000	45,000	42,182	(2,818)
Gaming taxes	205,000	202,900	198,250	(4,650)
Intergovernmental - grants	103,000	13,500	10,588	(2,912)
Licenses and permits	187,500	191,100	198,961	7,861
Fines and forfeitures	165,600	127,200	130,444	3,244
Investment earnings	3,200	3,450	3,902	452
Miscellaneous	33,300	33,400	75,887	42,487
Total revenues	1,256,600	1,195,550	1,245,873	50,323
Expenditures:				
Current:				
General government	353,475	278,070	397,058	(118,988)
Public safety	628,160	609,610	614,762	(5,152)
Public works	368,760	222,330	147,592	74,738
Parks and recreation	25,520	23,125	22,143	982
Capital outlay	164,000	68,300	60,887	7,413
Total expenditures	1,539,915	1,201,435	1,242,442	(41,007)
Excess (deficiency) of revenues over (under) expenditures	(283,315)	(5,885)	3,431	9,316
Other financing sources (uses):				
Transfers in	150,000			
Total other financing sources (uses)	150,000			
Excess (deficiency) of revenues and other sources over expenditures and other uses	(133,315)	(5,885)	3,431	9,316
Fund balances at beginning of year	800,000	1,700,000	2,098,511	398,511
Fund balances at end of year	\$ 666,685	\$ 1,694,115	\$ 2,101,942	\$ 407,827

Town of Benton
Benton, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Sales tax	\$ 410,000	\$ 475,000	\$ 481,380	\$ 6,380
Investment earnings	5,400	6,200	6,983	783
Total revenues	415,400	481,200	488,363	7,163
Other financing sources (uses):				
Transfers in		34,400	34,376	(24)
Transfers out	150,000			
Total other financing sources (uses)	150,000	34,400	34,376	(24)
Excess (deficiency) of revenues and other sources over expenditures and other uses	265,400	515,600	522,739	7,139
Fund balances at beginning of year			2,505,183	2,505,183
Fund balances at end of year	\$ 265,400	\$ 515,600	\$ 3,027,922	\$ 2,512,322

Town of Benton
Benton, Louisiana
Note to Required Supplementary Information
December 31, 2011

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. For GAAP basis financial reporting, the General fund includes activities of the Rehabilitation and Capital projects funds, as those funds do not meet the criteria to be classified as special revenue funds.

The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 3,431
Revenues, transfers, and: other financing sources:	
Rehabilitation	214
Capital projects	<u>(34,334)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ (30,689)</u>

Town of Benton
Benton, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2011

Mayor - Albert Doughty	\$ 21,982
Mayor - Wayne Cathcart	8,549
Aldermen:	
Ronald Jones	5,100
Linda Gates	5,100
James Friday	5,100
Tommy Hill	5,100
Richard Jackson	5,100
	<hr/>
	\$ 56,031
	<hr/> <hr/>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Town of Benton
Benton, Louisiana

We have audited the financial statements of the governmental activities, business-type activities and each major fund of the Town of Benton, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Town of Benton's basic financial statements and have issued our report thereon dated June 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Benton is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Benton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Benton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Benton's internal control over financial reporting.


A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Benton, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.


Cook & Morehart
Certified Public Accountants
June 27, 2012

Town of Benton
Benton, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2011

There was one significant deficiency for the prior year audit for the year ended December 31, 2010, as follows:

2010-1 Significant Deficiency – Payroll Approval Process

Condition:	The assistant police chief was responsible for approving the timesheets for police department employees. However, no-one was approving the timesheet for the assistant police chief.
Recommendation:	We recommend that the police chief approve all timesheets for the police department employees.
Current Status:	The Police Chief now approves all timesheets for the police department employees.

Town of Benton
Benton, Louisiana
Corrective Action Plan For Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2011

There are no findings for the current year audit for the year ended December 31, 2011.